

Message Text

CONFIDENTIAL

PAGE 01 VIENTI 00518 01 OF 02 050118Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 EB-08 AID-05 OMB-01 TRSE-00 HA-05
DOE-15 SOE-02 /127 W
-----022406 050211Z /73

R 040850Z MAY 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9239
INFO AMEMBASSY BANGKOK
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION USUN NEW YORK
USMISSION GENEVA
AMCONSUL HONG KONG
CINCPAC

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 0518

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: EAID, EINV, PDEV, PORG, VM
SUBJECT: SRV ATTITUDES TOWARD AID AND INVESTMENT

SUMMARY: A SOURCE RESIDENT IN HANOI FOR THE PAST TWO YEARS
HAS GIVEN US SOME PESSIMISTIC INSIGHTS INTO THE VIENTAMESE
ATTITUDE TOWARD AID AND INVESTMENT. THE VIETNAMESE APPROACH
IS CHARACTERIZED BY A FEELING THAT AS A RESULT OF PAST
INJUSTICES, THE OUTSIDE WORLD IS OBLIGED TO HELP THE SRV
DEVELOP. OUR SOURCE GAVE CASE HISTORIES ILLUSTRATING
VIETNAMESE UNREASONABLENESS. VIETNAMESE ECONOMIC DETERIORA-
TION COUPLED WITH AGGRESSIVENESS AND AMBITION WAS SEEN AS
A SERIOUS THREAT TO REGIONAL STABILITY, LITTLE WISDOM AND
TALENT WAS SEEN BEHIND AND BENEATH THE SRV'S AGING TOP
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENTI 00518 01 OF 02 050118Z

LEADERSHIP. END SUMMARY.

1. A WESTERN SOURCE RESIDENT IN HANOI FOR ALMOST TWO
YEARS COMMENTED TO US MAY 3 ON SRV ATTITUDES TOWARD
AID AND INVESTMENT. HIS COMMENTS ARE OF INTEREST, BUT
THEY SHOULD BE READ IN THE KNOWLEDGE THAT HE HAS A
REPUTATION FOR PESSIMISM WITH RESPECT TO THE SRV

REGIME.

2. ACCORDING TO OUR SOURCE, THE VIETNAMESE LEADERSHIP FELT STRONGLY THAT THE WESTERN WORLD OWED THEM AID AND ASSISTANCE AS A RESULT OF, AS THEY SAW IT, YEARS OF COLONIALISM, OPPRESSION, AND EXPLOITATION. RECIPROCAL COMMERCIAL OR POLITICAL BENEFIT IN AN INDIVIDUAL TRADE OR AID ARRANGEMENT WAS IRRELEVANT--THE BENEFIT HAD TO GO ENTIRELY TO THE VIETNAMESE IN ORDER TO MAKE UP FOR THE BENEFITS THE OUTSIDE WORLD HAD EXTRACTED FROM VIET NAM IN THE PAST.

3. OUR SOURCE GAVE US TWO CASES IN POINT OF THE VIETNAMESE APPROACH TO ECONOMIC ARRANGEMENTS WITH THE OUTSIDE WORLD. THE FIRST INVOLVED AID FROM THE U.N., WHICH THE SRV FELT COULD BE ACCEPTED AND SPENT WITH NO REGARD FOR ACCOUNTABILITY OR END-USE CHECKS.

4. AS A RESULT OF THIS SRV ATTITUDE, DIPLOMATIC MISSIONS REPRESENTING EEC COUNTRIES IN HANOI HAD MET IN EARLY MARCH AND HAD AGREED TO LAUNCH AN "INITIATIVE" TO THEIR HOME GOVERNMENTS URGING THAT INTERNATIONAL ORGANIZATIONS OPERATING IN VIET NAM BE REQUIRED TO PROVIDE GREATER

ACCOUNTABILITY FOR FUNDS EXPENDED IN VIET NAM.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENTI 00518 01 OF 02 050118Z

5. ACCORDING TO OUR SOURCE, EEC COUNTRY MISSIONS FELT THAT BY ACQUIESCING TO SRV DEMANDS AS TO HOW AND WHERE INTERNATIONAL ORGANIZATION AID FUNDS WERE TO BE SPENT IN VIET NAM, THESE ORGANIZATIONS HAD ENCOURAGED THE SRV TO ADOPT AN IMPERIOUS ATTITUDE TOWARD ALL FOREIGN AID PROGRAMS, INCLUDING THE EEC NATIONS' BILATERAL AID PROGRAMS.

6. OUR SOURCE CLAIMED THAT THE SRV HAD BEEN IRRESPONSIBLE IN HANDLING AID. HE SHOWED US PICTURES OF WHAT HE TERMED "WASTED AID." THE PICTURES SHOWED PILES OF RUSTING GIRDERS STACKED ALONG HIGHWAYS IN THE HANOI AREA AND RUSTING, APPARENTLY DEADLINED TRACTORS. SEVERAL PICTURES TAKEN AT HAIPHONG HARBOR SHOWED MOUNDS OF WEATHERED, BROKEN SHIPPING CRATES CONTAINING BALES OF WIRE APPARENTLY SHIPPED AA INTO VIET NAM AS AID A CONSIDERABLE PERIOD OF TIME AGO.

7. OUR SOURCE SAID THAT WHILE FOR THE MOST PART SENIOR INTERNATIONAL ORGANIZATION OFFICIALS SHOWED LITTLE CONCERN OVER "WASTED AID," AT LEAST ONE U.N. ORGANIZATION REPRESENTATIVE TOLD HIM THAT HE WAS CONSIDERING LEAVING

HIS ORGANIZATION BECAUSE OF WHAT HE TERMED A LACK OF
SUPPORT BY HIS SUPERIORS IN HIS EFFORTS TO ASSERT
GREATER U.N. CONTROL OVER THE EXPENDITURE OF U.N. FUNDS
IN VIET NAM.

8. THE SECOND CASE CITED BY OUR SOURCE INVOLVED THE
NEGOTIATIONS BETWEEN THE SRV AND DEMINEX, A WEST
GERMAN FIRM INTERESTED IN OBTAINING OFFSHORE DRILLING
RIGHTS. THE VIETNAMESE HAD AT FIRST TAKEN THE
ATTITUDE THAT DEMINEX HAD TO ACCEPT TOTALLY ONE-SIDED
TERMS UNDER WHICH ALL THE BENEFITS WOULD GO TO THE
VIETNAMESE AND ALL THE RISKS HAD TO BE ASSUMED BY
DEMINEX. WHEN FRG DIPLOMATS WHO WERE ASSISTING THE
FIRM POINTED OUT THAT DEMINEX HAD TO HAVE SOME CHANCE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 VIENTI 00518 01 OF 02 050118Z

TO MAKE A PROFIT ON THE DEAL, THE VIETNAMESE TOOK THE
POSITION THAT THE RESPONSIBILITY FOR SEEING THAT
DEMINEX MADE A PROFIT SHOULD BE ASSUMED BY THE FRG
GOVERNMENT. DEMINEX' PROFITS WERE OF NO CONCERN TO
THE SRV, AND THE VIETNAMESE FELT THEY HAD NO OBLIGATION
TO SEE THAT THE COMPANY MADE ANY RETURN. THAT WAS
BONN'S PROBLEM.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 VIENTI 00518 02 OF 02 050147Z
ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-05
H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 EB-08 AID-05 OMB-01 TRSE-00 HA-05
DOE-15 SOE-02 /127 W
-----022488 050211Z /73

R 040850Z MAY 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9240
INFO AMEMBASSY BANGKOK
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION USUN NEW YORK

USMISSION GENEVA
AMCONSUL HONG KONG
CINCPAC

C O N F I D E N T I A L SECTION 2 OF 2 VIENTIANE 0518

CINCPAC FOR POLAD

9. OUR SOURCE SAID THAT WITH THE FRG GOVERNMENT'S ADVICE AND CONCURRENCE, DEMINEX BROKE OFF THE NEGOTIATIONS AND SIMPLY WAITED UNTIL THE SRV'S EAGERNESS FOR AN AGREEMENT WORE DOWN THEIR IMPOSSIBLE ATTITUDE. A COMMERCIALLY VIABLE AGREEMENT BETWEEN DEMINEX AND THE SRV HAD NOW BEEN SIGNED.

10. OUR SOURCE SAID THAT DESPITE THE CONTINUED DETERIORATION IN THE VIETNAMESE ECONOMIC SITUATION, THE SRV LEADERSHIP WAS CONVINCED THAT THEY WERE FOLLOWING THE RIGHT PATH TO DEVELOPMENT. VIETNAMESE SENIOR OFFICIALS STILL HAD DREAMS OF INDUSTRIALIZATION AND "CHIMMEYS SPROUTING ALL OVER THE COUNTRYSIDE," THEY WERE, FOR EXAMPLE, DISCUSSING NUCLEAR POWER PLANTS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENTI 00518 02 OF 02 050147Z

WITH THE EISENBERG GROUP. THEY STILL THOUGHT THAT SUCH AN ECONOMIC TRANSFORMATION WAS OWED THEM BY THE OUTSIDE WORLD AND THAT THEY DID NOT HAVE TO FOLLOW THE NORMAL RULES OF INTERNATIONAL BUSINESS AND POLITICAL BEHAVIOR. THERE WERE SOME SIGNS OF TACTICAL PRAGMATISM -- FOR EXAMPLE, THE SRV ATTEMPTS TO MANIPULATE THE AMERICAN BUSINESS COMMUNITY -- BUT WHEN IT CAME TO SPECIFIC ARRANGEMENTS, THE REASONABLENESS EVAPORATED TO BE REPLACED BY AN ATTITUDE OF TAKING THE OUTSIDER'S MONEY BUT GIVING NOTHING IN RETURN.

11. WE ASKED OUR SOURCE WHETHER BURMA'S EXPERIENCE OVER THE PAST THIRTY YEARS WAS A PRECEDENT FOR WHAT MIGHT TAKE PLACE IN VIET NAM. OUR SOURCE SAID HE DID NOT THINK SO, SINCE THE BURMESE AND THE VIETNAMESE WERE SO DIFFERENT. THE VIETNAMESE WERE SUPREMELY, EVEN INSUFFERABLY AGGRESSIVE AND INDIVIDUALISTIC, AND HE DID NOT SEE SIMILAR POLICIES OF XENOPHOBIA AND ISOLATION AS THOSE FOLLOWED IN BURMA PRODUCING THE SAME EFFECTS WITH SUCH DIFFERENT HUMAN MATERIAL AS THE VIETNAMESE, HE THOUGHT THAT STEADY ECONOMIC DETERIORATION COMBINED WITH VIETNAMESE AGGRESSIVENESS AND EXTERNAL AMBITIONS CREATED A STRONGLY DESTABILIZING FORCE IN SOUTHEAST ASIA.

12. OUR SOURCE SAID HE SAW NO CHANCE OF ANY CHANGE IN

VIET NAM UNTIL THE CURRENT LEADERSHIP, ALREADY QUITE
OLD, WAS DEAD AND GONE. ONE SERIOUS PROBLEM WAS THAT
THERE WAS SO LITTLE TALENT BEHIND AND BELOW THE LEADERS.
TOP LEVEL SRV OFFICIALS, DESPITE THEIR IDEOLOGICAL
BLINDERS, COULD BE SHREWD AND CHARMING WHEN THE
SITUATION DEMANDED, AND THEY WERE ABSOLUTELY INCORRUPTI-
BLE. BELOW THEM, HOWEVER, WAS A GROUP OF PEOPLE WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VIENTI 00518 02 OF 02 050147Z

NO EDUCATION, NO SKILLS, AND NO ABILITY WHO HID BEHIND
A THIN VENEER OF TOTALLY INAPPLICABLE IDEOLOGY.
ROBERTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FOREIGN POLICY POSITION, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VIENTI00518
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780191-0638
Format: TEL
From: VIENTIANE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780591/aaaaczuc.tel
Line Count: 240
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 31e6cba3-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2787137
Secure: OPEN
Status: NATIVE
Subject: SRV ATTITUDES TOWARD AID AND INVESTMENT SUMMARY: A SOURCE RESIDENT IN HANOI FOR THE PAST TWO YEARS HAS GIVEN US SOME PESSIMISTIC INSIGHTS INTO THE VI
TAGS: EAID, EINV, PDEV, PORG, VM
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/31e6cba3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014